

BEFORE THE PUBLIC DISCLOSURE COMMISSION
OF THE STATE OF WASHINGTON

IN THE MATTER OF ENFORCEMENT)	PDC Case No. 03-158
ACTION AGAINST)	
)	
TME Capital Group, LLC)	Stipulation of Facts,
And Environmental Materials Transport, LLC)	Violations and Penalty
)	
Respondents.)	
_____)	

The TME Capital Group, LLC and Environmental Materials Transport, LLC, (Respondents) and the Public Disclosure Commission Staff (Staff) jointly submit this Stipulation of Facts, Violations and Penalty for Commission consideration in lieu of a full enforcement hearing before the Commission. The parties agree that, pursuant to RCW 42.17.360, the Commission has the authority to accept, decline or suggest modifications to this stipulation. In the interest of avoiding further proceedings, the parties enter this stipulation. In the event the Commission, in the exercise of its discretion, declines to accept the stipulation in its entirety, the stipulation shall be withdrawn.

FACTS

Both parties agree to the following relevant facts:

1. The Respondent TME Capital Group (TME) is a limited liability corporation. Its investors include Elling Halvorson, Catherine (Cathy) Boshaw, Doug Edlund, Tim Teteak, Lon Halvorson and John Taylor. Another investor, David Chevalier, did not attend meetings of the group in person, but occasionally joined by telephone.

2. TME investor Elling Halvorson had, in the past, made campaign contributions to candidates for Governor as well as the legislature.
3. Respondent Environmental Materials Transport, LLC (EMT), is a wholly owned subsidiary of Wescot Co., which is solely owned by Henry (Hank) Hopkins. EMT's managers, as shown on documents filed with the Secretary of State, include Hank Hopkins, Cathy Boshaw and Elling Halvorson. Ms. Boshaw and Mr. Halvorson were unaware that they were listed on the document.
4. Mr. Hopkins runs the day-to-day operations of EMT.
5. Over the past number of years, EMT has been promoting a project to build a conveyor system to transport gravel for building a third runway at Seattle-Tacoma International Airport.
6. TME was formed to provide funding to EMT for the conveyor system project.
7. Since at least 1997, EMT Manager Hopkins has attempted to obtain permits from the City of Des Moines to allow his projected conveyor system to be built. Mr. Hopkins asked the Des Moines City Council (Council) to change the City's Comprehensive Plan to allow for the construction of the conveyor system. The Council has declined to change its Plan. In addition, the requested permits have not been considered by the city. Wescot's application would not be processed because it did not have permission from the property owner (City of Des Moines) to apply for a permit. Without permission, the application is not complete. Mr. Hopkins was successful in his attempt to receive a license from the Midway

Sewer District granting him the right to build the conveyor system on the Sewer District's property.

8. During the 1999 Des Moines City Council elections, Mr. Hopkins met with two non-incumbent candidates for the Council, H. M. (Mike) Foote, Jr. and Marty Michalson. The purpose of Mr. Hopkins' meetings was to determine their views on the third runway project. Mr. Hopkins offered both candidates videos of his project.
9. Following his meeting with the candidates, Mr. Hopkins met with the TME investors and reported that the candidates, while opposed to a third runway, seemed to be open minded and might be amenable to the conveyor system if the third runway was to be built. During this meeting, the attendees discussed contributing to the candidacies of Mr. Foote and Mr. Michalson.
10. The TME investors decided to provide campaign funds to both Mr. Foote and Mr. Michalson. However, they admit they did not want the contributions to be made in their own names for fear of "tainting" the candidates or creating a bias against the candidates if it were to become known who was actually funding their campaigns. Instead, some of the investors contacted their friends and business associates and asked them to make the contributions in the friends' names, with the understanding that they would be reimbursed for contributions made on behalf of the TME investors.
11. TME investor Cathy Boshaw asked friend and business partner, Denis Bryant, to contribute \$2,000 to both candidates. Mr. Bryant agreed.

12. On September 16, 1999, Mr. Hopkins personally wrote a \$4,000 EMT check to Denis Bryant.
13. The check was given to Mr. Bryant to reimburse him for the contributions made to Mr. Foote and Mr. Michalson.
14. On or about September 22, 1999, Denis Bryant sent a \$2,000 personal check to Mr. Foote and a \$2,000 personal check to Mr. Michalson.
15. There is no evidence that Mr. Bryant was aware that making a contribution in this manner was illegal. He believed that Ms. Boshaw, who he considered to be a friend and mentor, and who was also a major investor in some of his business ventures, would not ask him to do something that she knew was illegal.
16. TME investors Cathy Boshaw and Eling Halvorson asked their friend and business associate Ginger Marshall to contribute to one or both candidates. Ms. Marshall agreed.
17. On October 22, 1999, Ms. Marshall contributed \$350 to Mr. Michalson.
18. On October 22, 1999, Cathy Boshaw wrote a \$450 personal check to Ms. Marshall for reimbursement of the contribution made to Candidate Michalson.
19. There is no evidence that Ms. Marshall was aware that making a contribution in this manner was illegal. Ms. Marshall did not believe that Ms. Boshaw, a friend and major investor in Ms. Marshall's business venture, would ask her to do something that she knew to be illegal.

20. On or around October 22, 1999, TME investor Elling Halvorson asked his employee Gary Collett to contribute to one or more of the candidates. Gary Collett was an employee and friend of Elling Halvorson. Mr. Collett supports the third runway, and agreed to make the contribution for his employer.
21. On October 22, 1999, Gary Collett wrote a \$250 check to Candidate Michalson.
22. There was an understanding between Elling Halvorson and Gary Collett that Mr. Collett submit an expense voucher for reimbursement for the \$250 contribution. On December 22, 1999, Mr. Collett received reimbursement for the contribution from Monarch Enterprises, the company owned by Elling Halvorson.
23. There is no evidence that Mr. Collett was aware that making a contribution in this manner was illegal. He was of the opinion that Mr. Halvorson would not ask him to do something that Mr. Halvorson knew to be illegal.
24. The Respondents cooperated fully in this investigation and provided testimony and documents.
25. The Respondents maintain they did not know that their acts of concealment were illegal. No testimony was provided to indicate that the Respondents knew that their acts of concealment were illegal.
26. Staff asserts that the Respondents knew that contributor names were legally subject to disclosure, that any meaningful disclosure law would require identification of the true contributors, and the Respondents nevertheless took action to conceal the truth.

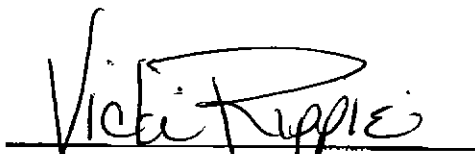
VIOLATIONS

Respondents and Staff agree that based upon the facts stipulated above, the Respondents committed multiple violations of RCW 42.17.120 by concealing the true source of contributions given to candidates H. M. (Mike) Foote, Jr. and Marty Michalson.

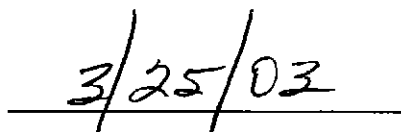
PENALTY

The Respondents and Staff agree that the penalty authority granted the Commission is insufficient in this matter. In lieu of separate referrals to the Office of the Attorney General, the Respondents agree to pay a penalty of \$40,000, and agree to reimburse the PDC \$3,000 to cover a portion of its costs incurred in the investigation.

Respectfully submitted this 25th of March, 2003.



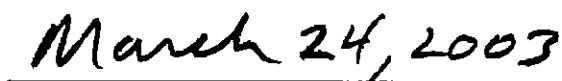
Vicki Rippie, Executive Director



Date



C. James Frush, Counsel for
Respondents



Date